

Message Text

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TAGS: EGEN, ECRP, PFOR, EEC, EI

SUBJ: IRISH BENEFIT SUBSTANTIALLY FROM EC MEMBERSHIP

SUMMARY: JUST PUBLISHED MARCH ISSUE OF QUARTERLY IRISH BANKING REVIEW CONTAINS HIGHLY COGENT ASSESSMENT OF IRELAND'S FIRST YEAR OF EC MEMBERSHIP. ARTICLE CONCLUDES THAT FOR ECONOMY THERE IS CLEARCUT BALANCE ON CREDIT SIDE: 1) NEITHER AGRICULTURE NOR INDUSTRY WOULD HAVE PROGRESSED NEARLY AS MUCH WITHOUT STIMULUS OF MEMBERSHIP; 2) SIGNIFICANT NEW INDUSTRIAL PROJECTS HAVE BEEN DRAWN TO IRELAND BY EC ENTRY; 3) OVER-DEPENDENCE ON UNCLASSIFIED

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BRITISH MARKET HAS BEEN REDUCED WITH INCREASE IN ORIGINAL

EC-SIX SHARE OF IRISH EXPORTS FROM 10 PERCENT IN 1971 TO 25 PERCENT IN 1973; AND 4) IRELAND HAS BEEN NET BENEFICIARY IN AGRICULTURAL AND SOCIAL FUNDS AND EXPECTS SUBSTANTIAL SHARE IN REGIONAL FUND. FURTHER, EC PROVIDES STABLE AND DEPENDABLE ENVIRONMENT FOR CONTINUED PROGRESS. ARTICLE ALSO NOTES THAT WEIGHING RESULTS SHOULD NOT CONCENTRATE EXCLUSIVELY ON BALANCE SHEET APPROACH, POINTING OUT COMMUNITY IS "A VITAL MOVEMENT TOWARDS A NEW POLITICAL DIMENSION AFFECTING ALL THE MEMBER COUNTRIES AND ESTABLISHING NEW AND CLOSER RELATIONSHIP BETWEEN ITS MEMBER STATES." ARTICLE IS EXCELLENT APPRAISAL OF REASONS WHY IRISH SEE EUROPEAN UNITY AS VITAL TO THEIR INTERESTS. END SUMMARY.

1. AS SEEN BY BANKING REVIEW, CONSEQUENCES OF IRISH EC MEMBERSHIP APPEAR IN A NUMBER OF AREAS. REVIEW NOTES THAT RATE OF BROWTH IN INDUSTRIAL OUTPUT REACHED NEARLY 11 PERCENT IN 1973, MORE THAN TWICE RATE OF PREVIOUS YEAR. MANUFACTURING EMPLOYMENT ROSE ABOUT 3 PERCENT, IN CONTRAST TO NET DECLINE IN 1972. JOB CREATION OCCURRED IN MODERN, HIGH TECHNOLOGY CHEMICAL, METAL, AND ENGINEERING SECTORS AND OFFSET DECLINE IN RELATIVELY OBSOLETE TEXTILE, CLOTHING, FOOTWEAR, PAPER AND PRINTING SECTORS. BANKING REVIEW FEELS THAT INCREASE IN EMPLOYMENT IN HIGH TECHNOLOGY SECTORS WAS PROBABLY STIMULATED BY EC ENTRY, WHILE DECLINE IN OTHER SECTORS WAS PROBABLY BROUGHT ON MAINLY BY COMPETITION FROM BRITAIN, AS VULNERABLE SECTORS OF IRISH INDUSTRY BECOME SUBJECT TO UNPROTECTED COMPETITION FROM UK THROUGH IMPLEMENTATION ANGLO-IRISH FREE TRADE AGREEMENT. (EMBASSY CONCURS IN GENERAL WITH ABOVE VIEW, THOUGH IT SHOULD BE NOTED THAT AT LEAST PART OF RISE IN INDUSTRIAL GROWTH RATE OCCURRING IN 1973 REPRESENTS CATCHUP FROM STAGNATION OF THREE PREVIOUS YEARS.)

2. REVIEW STATES THERE CAN BE NO DOUBT THAT EC MEMBERSHIP STIMULATED MARKED ACCELERATION IN ATTRACTION OF NEW INDUSTRIAL PROJECTS TO IRELAND, ESPECIALLY FROM CONTINENT AND U.S., AS WELL AS HELPFUL DISPERSION OF INDUSTRY TO LESS-DEVELOPED REGIONS. IN YEAR UP TO MARCH 1973 PROJECTS WITH PROSPECTIVE JOB CONTENT OF 14,000 APPROVED FOR GRANT ASSISTANCE, RISE OF 40 PERCENT ON PREVIOUS YEAR. FIGURE EXPECTED TO RISE TO 16,000 IN 1974. ARTICLE UNDERSCORES POINT THAT EC HAS PER-

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MITTED GOI TO RETAIN ITS INCENTIVE GRANT/EXPORT TAX CREDIT SCHEMES WHICH GIVE IT RELATIVELY FAVORABLE POSITION IN COMPARISON WITH REST OF COMMUNITY, AND NOTES THAT WHOLE OF COUNTRY HAS BEEN RANKED AS "PERIPHERAL DEVELOPMENT AREA", EXEMPT FROM CEILING ON STATE AIDS.

3. ARTICLE DISCOUNTS EC MEMBERSHIP AS SIGNIFICANT STIMULUS TO IRISH INFLATION (OVER 11 PERCENT IN 1973), NOTING THAT

MAJOR CASUES WERE RISE IN WAGE COSTS, COMMODITY PRICES, AND AGRICULTURAL PRICES. LATTER DEVELOPMENT WAS ACTUAL BENEFIT TO IRISH FARMERS, WHOSE INCOMES ROSE BY ONE-THIRD IN 1973. CAP INTERVENTION SYSTEM PROVIDED STABILIZING FLOOR TO BEEF PRICES, AND SHOULD PRODUCE LONG-TERM TREND TOWARD HIGHER PRICES, OF CLEAR BENEFIT TO IRISH BEEF PRODUCER, THOUGH NOT, OF COURSE, TO CONSUMER.

4. REVIEW POINTS OUT THAT EXPORTS TO ORIGINAL EC-SIX ROSE FROM ABOUT 10 PERCENT OF TOTAL IRISH EXPORTS IN 1971 TO 25 PERCENT SHARE IN 1973. INCREASE OCCURRED BOTH IN INDUSTRIAL AND AGRICULTURAL FIELD, THOUGH INCREASES IN AGRICULTURAL FIELD LARGELY ATTRIBUTABLE TO PRICE RISES. INCREASES IN EXPORTS TO EC ACCOMPANIED BY DROP IN PERCENTAGE OF EXPORTS TO UK, FROM 66 PERCENT IN 1971 TO 53 PERCENT IN 1973, AN IMPORTANT BOOST IN IRISH EXPORT DIVERSIFICATION. PROGRESSIVE DECLINE IN TARIFF BARRIERS OF ORIGINAL EC-SIX DURING TRANSITION TO FULL IRISH EC MEMBERSHIP SHOULD PROVIDE FURTHER STIMULUS TO IRISH COMPETITIVE POSITION IN CONTINENTAL MARKETS.

5. REVIEW STATES THAT IN 1973 IRELAND RECEIVED ABOUT 37 MILLION POUNDS STERLING IN NET CONTRIBUTIONS FROM GUARANTEE SECTION OF EC CAP'S FEOGA FUNDS, REPRESENTING DIRECT RELIEF TO IRISH BUDGET, WHICH USED TO PAY SUBSIDIES TO IRISH FARMERS. FIGURE WILL RISE IN 1974, AND IRELAND WILL ALSO RECEIVE UP TO 12 MILLION POUNDS STERLING IN ADDITIONAL FROM GUIDANCE SECTION OF FEOGA, IN AID OF PROJECTS OF STRUCTURAL REFORM AND AGRICULTURAL DEVELOPMENT. IRISH BENEFITS FROM EUROPEAN SOCIAL FUND FOR THREE YEAR PERIOD 1973-75 WILL AVERAGE 1.3 MILLION POUNDS PER YEAR. (IRISH TIMES MARCH 28 REPORTS ACCORDING EC PROVISIONAL FIGURES, IRELAND CONTRIBUTED 5.7 MILLION POUNDS TO EC BUDGET AND DREW ABOUT 41 MILLION POUNDS, FOR NET BALANCE OF 35.3 MILLION IN 1973). IRISH ALSO GETTING SUBSTANTIAL

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LOANS FROM EUROPEAN INVESTMENT BANK, INCLUDING 2.8M LOAN TO SUGAR COMPANY AND 7.5M FOR EXTENSION OF TELEPHONE SERVICE. MAJOR DISAPPOINTMENT DURING YEAR WAS FAILURE TO ACHIEVE AGREEMENT ON COMMON REGIONAL POLICY. (EC COMMISSION PROPOSAL RELEASED IN OCTOBER 1973 WOULD GIVE IRELAND ONLY ABOUT 4 PERCENT SHARE OF TEN MILLION POUNDS DURING FIRST YEAR; IRISH WAS AT LEAST DOUBT THAT SHARE ANNUALLY).

6. COMMENT: AS NOTED IN SUMMARY ABOVE, ARTICLE CONCLUDES BY REJECTING EXCLUSIVE CONCENTRATION ON BALANCE SHEET APPROACH AND STRESSES INTANGIBLE BENEFITS OF NEW IRISH ASSOCIATION WITH WIDER EUROPEAN POLITICAL DIMENSION. CLEARLY, BOTH REAL ECONOMIC AND INTANGIBLE POLITICAL BENEFITS OF EUROPEAN COMMUNITY MEMBERSHIP PLAY SIGNIFICANT ROLE IN IRISH ATTITUDES TOWARD EUROPE AND HELP ACCOUNT FOR STRONG IRISH DESIRE TO SEE

EUROPEAN COMMUNITY IDENTITY AND UNITY MAINTAINED AND
STRENGTHENED. MOORE

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